

Message Text

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C O N F I D E N T I A L STATE 142933

E.O. 11652: XGDS-2

TAGS: EG, IS, PINR

SUBJECT: INTSUM 579 - JUNE 6, 1978

LONDON FOR KINSOLVING
PARIS FOR NICHOLAS MURPHY
OTHER ADDRESSEES FOR CHIEFS OF MISSION

1. EGYPT. THE RETRENCHMENT OF EGYPTIAN POLITICAL FREEDOM, WHICH IS WIDELY VIEWED IN EGYPT AS A MOVE AWAY FROM DEMOCRACY, IS CONTINUING. UNDER THE DIRECTION OF PRIME MINISTER SALEM, THE GOVERNMENT SO FAR HAS:

(A) BANNED FROM PUBLIC OFFICE THOSE ADVOCATING AN IDEOLOGY CONFLICTING WITH RELIGION (LEFTISTS) AND SEIZED SEVERAL ISSUES OF THE LEFTIST NEWSPAPER, AL-AHALI;

(B) BARRED FROM POLITICAL LIFE THOSE WHO WERE POLITICALLY ACTIVE BEFORE THE 1952 REVOLUTION;

(C) REORGANIZED THE HIGHER PRESS COUNCIL TO INCLUDE JUDICIAL ELEMENTS. THIS ACTION REPORTEDLY IS AIMED AT INSURING THE COUNCIL'S DECISIONS WILL BE "IN ACCORDANCE WITH THE RULE OF LAW;"

(D) LAUNCHED INVESTIGATIONS OF MORE THAN 150 PERSONS AND PROHIBITED FIVE JOURNALISTS FROM LEAVING THE CONFIDENTIAL

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COUNTRY;

(E) GIVEN THE GOVERNMENT'S PARTY A DOMINANT POSITION ON THE MANAGEMENT OF CAIRO'S THREE LEADING NEWSPAPERS;

(F) WARNED, THROUGH A NEWSPAPER EDITORIAL, A BBC REPORTER AGAINST JOINING IN A "SLANDER" CAMPAIGN;

(G) INTERFERED IN A BY-ELECTION IN ALEXANDRIA BY ARRESTING A LEFTIST PARLIAMENTARIAN AND USING THE POLICE TO BREAK UP AN OPPOSITION RALLY.

2. THESE ACTIONS WERE GIVEN A VENEER OF LEGALITY THROUGH THE MAY 21 REFERENDUM IN WHICH THE VAST MAJORITY OF EGYPTIANS, ACCORDING TO THE GOVERNMENT, REQUESTED MORE STRINGENT LAWS. (OUTSIDE OBSERVERS BELIEVE THAT, WHILE THE REFERENDUM MAY HAVE PASSED, MOST EGYPTIANS DID NOT PARTICIPATE, DESPITE GOVERNMENT CLAIMS TO THE CONTRARY.) THE PUBLIC WISH, AS EXPRESSED IN THE REFERENDUM, WAS ENACTED INTO LAW OVER THE WEEKEND.

3. THE GOVERNMENT'S MEASURES HAVE PROVOKED CONSIDERABLE

POPULAR CRITICISM. INTELLECTUALS ARE FIRMLY OPPOSED. THE LEADERSHIP OF THE FAST-GROWING RIGHTIST NEW WAFD PARTY, WHICH HAS BEEN A PARTICULAR TARGET OF SADAT'S ACTIONS, ANNOUNCED ON JUNE 1 THAT THE PARTY WOULD DISSOLVE ITSELF ON GROUNDS THAT IT COULD NOT FUNCTION IN THE FACE OF MEASURES THAT ELIMINATED POLITICAL FREEDOM. (PARTY LEADER SERAGEDDIN AND SEVERAL OTHER MEMBERS, SINCE THEY WERE ACTIVE IN POLITICS BEFORE THE REVOLUTION, ARE LIKELY TO BE BARRED FROM THEIR SEATS IN THE PEOPLE'S ASSEMBLY.)

4. YESTERDAY, EGYPT'S LEFTIST UNIONIST PROGRESSIVE PARTY (UPP) SUSPENDED ACTIVITIES "AS LONG AS THIS LAW EXISTS" TO PROTEST THE PURGE OF THE GOVERNMENT'S CRITICS. THE UPP STATEMENT SAID THAT A MEETING OF ITS CONSTITUENT

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ASSEMBLY NEXT SUNDAY WOULD DECIDE WHETHER TO DISSOLVE THE PARTY. ALSO, THE UPP STATED THAT IT WOULD CEASE PUBLICATION OF AL-AHALI AFTER TODAY'S EDITION AND THAT IT WOULD ACCEPT NO NEW MEMBERS.

5. SADAT'S MOVE AGAINST HIS OPPONENTS AT THIS TIME APPEARS TO BE ATTRIBUTABLE TO:

(A) THE INCREASING VIRULENCE OF ATTACKS ON THE GOVERNMENT BY LEFTISTS OVER ECONOMIC CONDITIONS AND THE HIGH LEVEL OF CORRUPTION; SADAT SEEMS TO REGARD SUCH OPPOSITION AS PART

OF A SOVIET EFFORT TO BRING ABOUT HIS DOWNFALL.

(B) THE SUCCESS OF THE NEW WAFD IN GARNERING POPULAR SUPPORT;

(C) PERSONAL ATTACKS ON SADAT, HIS FAMILY, AND HIS CONFIDANTS; PRIME MINISTER SALEM MAY HAVE CONVEYED EXAGGERATED REPORTS OF THESE ATTACKS TO SADAT AS A MEANS OF KEEPING HIMSELF IN OFFICE UNTIL SUCH "THREATS TO THE REGIME" WERE TAKEN CARE OF.

6. SADAT'S STEPS BACKWARD FROM HIS LIBERALIZATION POLICY COULD HAVE MORE IMPACT ON HIS IMAGE OUTSIDE EGYPT THAN AT HOME. ABROAD, HE HAS BEEN GIVEN CREDIT FOR TAKING GREATER STEPS TOWARD A WESTERN-STYLE DEMOCRACY THAN HIS ACTIONS MERITED. REINING IN SOME ELEMENTS WILL GIVE HIS CRITICS IN THE US AND ISRAEL A WEAPON TO USE AGAINST HIM. ON THE OTHER HAND, SADAT APPEARS CONVINCED THAT, IF HE IS TO PRESS ON WITH HIS PEACE INITIATIVE DESPITE SLOW PROGRESS AND EXTENSIVE ARAB CRITICISM, HIS DOMESTIC OPPOSITION MUST BE KEPT UNDER CONTROL SO AS NOT TO BE AN IMPEDIMENT TO

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NEGOTIATIONS.

7. THE AMOUNT OF OIL PIPED THROUGH THE SUMED PIPELINE IS LIKELY TO EXCEED THAT SHIPPED THROUGH THE SUEZ CANAL THIS YEAR, THE SUMED'S SECOND YEAR OF OPERATION. REDUCED TOLLS AND THE LARGE CAPACITY OF ITS TERMINALS HAVE INCREASED THE PIPELINE'S SHARE OF PERSIAN GULF OIL TRAFFIC WITH THE WEST.

8. WITH BOTH OF ITS PIPES NOW AVAILABLE, THE 1.6-MILLION-BARREL-PER-DAY CAPACITY PIPELINE SHOULD REACH THE 1978 TARGET RATE OF 1 MILLION BARRELS PER DAY LATER THIS YEAR. ONCE ITS FULL INITIAL CAPACITY IS REACHED, EGYPT WILL CONSTRUCT ANOTHER PUMPING STATION THAT WILL BOOST CAPACITY TO 2.3 MILLION BARRELS PER DAY.

9. TO ATTRACT BUSINESS, SUMED OFFICIALS HAVE CUT THE TOLL RATE. AT CURRENT MARKET RATES, SUMED OFFERS SUBSTANTIAL COST SAVINGS OVER THE CAPE OF GOOD HOPE ROUTE FOR PERSIAN GULF OIL TO MEDITERRANEAN DESTINATIONS. SUMED IS ALSO COMPETITIVE WITH VERY LARGE CRUDE CARRIERS TRAVELING AROUND THE CAPE TO NORTH ATLANTIC MARKETS AND OFFERS MAJOR SAVINGS OVER SHIPMENT VIA THE SMALL TANKERS ABLE TO TRANSIT THE SUEZ CANAL.

10. SUMED'S REDUCED RATES--AND THE ABILITY OF ITS TERMINALS TO HANDLE TANKERS UP TO 270,000 DEAD WEIGHT TONS AT BOTH ENDS OF THE PIPELINE--HAVE ENABLED IT TO CARVE OUT A GROWING SHARE OF PERSIAN GULF OIL TRAFFIC WITH THE WEST. THE PIPELINE NOW HANDLES ABOUT 6 PERCENT OF THE 13 MILLION BARRELS PER DAY OF PERSIAN CRUDE OIL SHIPPED TO WESTERN DESTINATIONS; AT FULL INITIAL CAPACITY IT WOULD ACCOUNT FOR SOME 12 PERCENT OF THE MARKET.

11. MEDITERRANEAN MARKETS ARE THE MAJOR DESTINATIONS FOR CRUDE OIL SHIPPED VIA SUMED. IN 1977, ITALY TOOK ALMOST
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70 PERCENT, FRENCH PORTS SLIGHTLY MORE THAN 10 PERCENT, AND EASTERN MEDITERRANEAN AND ADRIATIC PORTS ANOTHER 10 PERCENT. ABOUT 8 PERCENT WENT TO THE US. (CONFIDENTIAL)

12. SAUDI ARABIA. THE INITIAL EUPHORIC REACTION TO THE APPROVAL OF THE F-15 DEAL HAS SETTLED INTO A MORE THOUGHTFUL CONSIDERATION OF FUTURE EVENTS AND THE LONG-TERM

IMPLICATIONS OF THE SALE, EMBASSY JIDDA OBSERVED. THE SAUDIS MAY NOT HAVE FORESEEN HOW DIFFICULT THE BATTLE WOULD BE, AND THE DEBATE HAS LEFT SOME ILL-FEELING. NEVERTHELESS, MOST COMMENTARY MENTIONS THE DEAL AS A TURNING POINT FOR US-SAUDI RELATIONS AND LOOKS FORWARD TO FURTHER US MEASURES TOWARD A MIDEAST SETTLEMENT. THE DEAL WILL ALSO HAVE A FAVORABLE INDIRECT IMPACT ON US-SAUDI COMMERCIAL RELATIONS, THE EMBASSY NOTED. (CONFIDENTIAL) VANCE

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